

*For release  
A.M. June 1/66*

# *Dunraine Mines Limited*

---

## **ANNUAL REPORT 1965**

*Included herein are:*

- 1 — Notice of the Annual and a Special General Meeting of Shareholders.
- 2 — Directors' Report containing an announcement of a proposed Subscription Rights Offering to Shareholders of 200,000 shares at 50¢ per share.
- 3 — Financial Statements.
- 4 — Copy of Agreement with Falconbridge Nickel Mines Limited.

# DUNRAINE MINES LIMITED

HEAD OFFICE	21st FLOOR, 7 KING ST. EAST TORONTO, ONTARIO
OFFICERS	J. P. MILLENBACH, <i>President</i> G. T. N. WOODROOFFE, <i>Vice-President</i> A. C. CALLOW, <i>Secretary</i> J. T. McWHIRTER, <i>Treasurer</i>
DIRECTORS	A. S. DADSON H. C. HERZ J. T. McWHIRTER J. P. MILLENBACH G. T. N. WOODROOFFE
TRANSFER AGENTS	CROWN TRUST COMPANY TORONTO, ONTARIO AND MONTREAL, P.Q.
AUDITORS	CLARKSON, GORDON & CO. TORONTO, ONTARIO
ANNUAL AND A SPECIAL GENERAL MEETING OF SHAREHOLDERS	TORONTO ROOM KING EDWARD SHERATON HOTEL TORONTO, ONTARIO THURSDAY, JUNE 16, 1966 10:30 o'clock a.m. (Toronto Time)



# DUNRAINE MINES LIMITED

## NOTICE OF ANNUAL AND A SPECIAL GENERAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual and a Special General Meeting of the shareholders of Dunraine Mines Limited (hereinafter called "the Company") will be held in the Toronto Room, King Edward Sheraton Hotel, Toronto, Ontario, on Thursday the 16th day of June, 1966, at the hour of 10:30 o'clock in the forenoon (Toronto Time), for the following purposes:

1. To consider and, if thought fit, to confirm an agreement bearing date the 12th day of May, 1966, between the Company and Falconbridge Nickel Mines Limited ("Falconbridge"), a copy of which agreement accompanies this notice and forms part hereof.
2. To consider and approve the Report of the Directors, Auditors' Report and financial statements for the year ended December 31, 1965, issued herewith.
3. To elect directors for the ensuing year.
4. To appoint auditors and authorize the directors to fix their remuneration.
5. To transact such other business as may properly come before the meeting.

TAKE NOTICE that each of the directors of the Company has declared an interest in the agreement referred to in paragraph 1 above and in the accompanying Directors' Report, in that each is an officer, director, shareholder or employee of Falconbridge.

A shareholder unable to be present in person is entitled to be represented by proxy. If you cannot be present in person, please indicate on the enclosed form of proxy the manner in which you wish your shares to be voted and date, sign and return the proxy in the enclosed envelope.

Dated at Toronto this 12th day of May, 1966.

By order of the Board,

A. C. CALLOW,  
*Secretary.*



# DUNRAINE MINES LIMITED

21st FLOOR, 7 KING STREET EAST  
TORONTO 1, ONTARIO

## DIRECTORS' REPORT

TO THE SHAREHOLDERS:

Your directors submit the Annual Report of your Company, including the financial statements and Auditors' Report thereon for the year ended December 31, 1965.

The financial position of the Company is substantially unchanged since the year end. Cash resources shown by the balance sheet are low, and in order to carry out recommended exploration and take care of the continuing cost of Company administration, an offering of capital stock to the shareholders is proposed. As the number of shareholders of the Company was greatly increased during 1965 by reason of a distribution effected by Canadian Malartic Gold Mines Limited, this report includes a partial review of the Company's history, with which many shareholders may not be familiar.

Your Company was incorporated in 1942 as Rainville Copper Mines Limited. A corporate reorganization and change of name to Rainville Mines Limited took place in 1954. The Company's present constitution results from a further capital reorganization and the acquisition of the properties and assets of Dunterra Copper Mines Limited in 1961, when the name was changed to Dunraine Mines Limited. At that time the outstanding capital was reduced to 1,000,000 shares and large amounts no longer represented by available assets were written off. The Dunterra assets, including cash, were purchased for 500,000 Dunraine shares and Dunterra was wound up. Canadian Malartic purchased 500,000 Dunraine shares for cash and purchased the Company's buildings and equipment, and stores, other than No. 2 headframe and its related buildings which were retained. All indebtedness was liquidated. On completion of this reorganization, the Company held the combined properties, with headframe, free of indebtedness, and over \$50,000 cash, with 2,000,000 shares issued.

The Company's property, comprising 3,650 acres, of which 266 acres are held under two mining concessions and the balance as 83 mining claims, is located in the Townships of Bourlamaque and Louvicourt in the Val d'Or area of Quebec. It lies some 12 miles east of the Town of Val d'Or and is easily accessible by a short road leading south from Provincial Highway 59.

On the Rainville section of the property, intermittent exploration and development work was carried out by Rainville, and prior thereto, beginning in 1937, by its predecessors, Fleming Mines Limited and Jacques Cartier Mining Corporation. This included surface trenching, diamond drilling and underground development.

Following underground development during the period 1951 to 1955 a decision was made to place the property in production. A mill with a capacity of 500 tons per day was erected together with the other necessary facilities. Production commenced in May, 1956 and continued to March, 1958 when operations were suspended due to the low price of copper then prevailing. During the period of production a total of 280,768 tons of ore was treated averaging 1.50% copper. Further diamond drilling from surface and underground development from No. 2 shaft was undertaken during the period 1958 to 1960 with disappointing results. In 1961, the buildings, machinery and supplies were disposed of except the headframe and hoist house at No. 2 shaft, which remain on the property.

Present ore reserves in the vicinity of the underground workings have been calculated at 650,430 tons averaging 1.22% copper, after allowance for dilution.

On the original Dunterra property surface diamond drilling only was performed with inconclusive results. No underground development was undertaken.

In 1964, 1965 and 1966, electrical geophysical surveys made over limited areas that included the known mineralized zones, indicated that these zones could be detected by such surveys. Accordingly, it has been recom-



mended to your Board that further geophysical surveys be conducted over sections of the property not tested by modern geophysical methods, to be followed by diamond drilling if the circumstances warrant. It is proposed that this program, estimated to cost \$70,000, be carried out over a two-year period.

Your Directors consider that the continued search for ore deposits on the property is warranted and that the recommended program should be carried out. For this purpose the Board has approved a capital stock offering to shareholders of 200,000 shares at a price of 50 cents per share on the basis of one share for each ten shares of record, to provide \$100,000 in additional funds. This amount is considered sufficient to meet the requirements of the above program as well as the expenses of the offering and administrative expenses of the Company for several years. Costs of administration, including property rentals, have averaged under \$5,000 per year during the last four years, but will increase due to higher acreage taxes.

Falconbridge Nickel Mines Limited is the largest shareholder of your Company, holding 45.6% of issued capital. To ensure the complete success of the offering, Falconbridge has, by agreement with the Company dated May 12, 1966, and subject to a right of election provided by the agreement, undertaken to subscribe at the offering price of 50¢ per share for all shares offered and not subscribed under Rights. This agreement allows Falconbridge the right to elect, prior to the Expiry Time of the offering to itself carry out in 1966 and 1967 exploration on the Company's property, following the program recommended, in consideration of the issue by the Company to Falconbridge of shares of the Company's capital stock on the basis of one share for each 55¢ expended by Falconbridge on such exploration. To the extent that Falconbridge elects to commit itself, and does undertake and duly carry out the said program, Falconbridge's obligation to pay cash at 50¢ per share under the agreement shall be reduced. Under this agreement, Falconbridge would enter onto the property and itself conduct the program, and would be entitled to claim for itself the benefit for income tax deduction purposes of expenditures made by it on the exploration and development. In such case, your Company would not be able to claim such expenses for tax purposes, when and if it comes into production. Falconbridge has facilities and a well-qualified staff to conduct such program. If it does so, your Company will, in effect, be receiving 55¢ per share rather than the offering price of 50¢.

Though the copper-bearing zones presently known to exist on the property are of marginal grade, your directors consider that the further search for minerals is well warranted, and that the proposed arrangement provides the Company with an opportunity of having the program conducted by well-qualified personnel on an efficient basis, and that it is to the advantage of the Company and its shareholders. As all of the directors of your Company are directors, officers, shareholders or employees of Falconbridge, this agreement is being referred to the shareholders for ratification at the meeting to be held on June 16, 1966.

Subject to such approval of shareholders, and to further notice to be issued, it is proposed to issue Subscription Warrants to shareholders of record at the close of business on June 24, 1966, which will expire at 4:00 p.m. E.D.S.T., July 21, 1966, entitling shareholders to purchase at 50¢ per share one new share for each ten shares held on the Record Date.

The shares of the Company are not registered under the securities laws of the United States of America and in consequence the Company cannot extend its offering to residents of the United States or jurisdictions in which the offering is not exempt from registration. It is expected that Subscription Warrants will be traded on the Toronto Stock Exchange and, being assignable, they may be offered for sale through that Exchange.

Subject to the above, Subscription Warrants will be mailed to shareholders on or about June 28, 1966. To receive Warrants shareholders are urged to ensure that all shares owned by them are registered in their own names and at their proper addresses. Notification of any change or correction of address should be given to the Company's transfer agent, Crown Trust Company, 302 Bay Street, Toronto 1, Ontario.

Submitted on behalf of the Board,

J. P. MILLENBACH,  
*President.*

Toronto, May 12, 1966.



**DUNRAINE MINES LIMITED**

(Incorporated under the laws of Canada)

**BALANCE SHEET — DECEMBER 31, 1965****ASSETS**

Cash .....	\$ 6,979
Mining properties:	
Acquired for 170,000 shares issued at \$119,670 less amounts written off .....	50,000
Acquired as partial consideration for the issue of 500,000 shares .....	50,000 100,000
Buildings, machinery and equipment at depreciated cost at May 31, 1961 .....	60,400
Mortgage receivable .....	4,696
Deferred property and general and administrative expenses (statement 2) .....	47,959
	<u>\$220,034</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Capital:	
Authorized — 3,000,000 shares of no par value	
Issued — 2,000,000 shares .....	\$220,034
	<u>\$220,034</u>

On behalf of the Board:

J. P. MILLENBACH, Director.

G. T. N. WOODROOFFE, Director.

# DUNRAINE MINES LIMITED

## STATEMENT OF DEFERRED PROPERTY AND GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1965

	Balance 31, 1964 December	Expenses incurred during 1965	Balance December 31, 1965
Property expense:			
Geophysical survey .....	\$ 8,791	\$ 2,227	\$ 11,018
Geological expenses .....	—	677	677
Diamond drilling .....	5,808	4,009	9,817
Engineering .....	1,734	—	1,734
Office .....	255	350	605
Insurance .....	928	305	1,233
Plant maintenance .....	1,740	673	2,413
Sundry .....	(183)	81	(102)
	<u>19,073</u>	<u>8,322</u>	<u>27,395</u>
General and administrative expense:			
Administration .....	2,150	600	2,750
License renewals and acreage rentals .....	3,841	1,290	5,131
Transfer fees and expenses .....	4,155	2,351	6,506
Legal and audit .....	513	275	788
Annual meeting and reports .....	1,043	371	1,414
Filing fees and taxes .....	1,092	98	1,190
Reorganization expense .....	7,529	—	7,529
Sundry .....	621	98	719
	<u>20,944</u>	<u>5,083</u>	<u>26,027</u>
	40,017	13,405	53,422
Less interest received .....	<u>5,167</u>	<u>296</u>	<u>5,463</u>
	<u>\$ 34,850</u>	<u>\$ 13,109</u>	<u>\$ 47,959</u>

### AUDITORS' REPORT

TO THE SHAREHOLDERS OF  
DUNRAINE MINES LIMITED:

We have examined the balance sheet of Dunraine Mines Limited as at December 31, 1965 and the statement of deferred property and general and administrative expenses for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of deferred property and general and administrative expenses present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & Co.,  
Chartered Accountants.

Toronto, Canada,  
February 14, 1966.



MEMORANDUM OF AGREEMENT made in duplicate this 12th day of May, 1966

B E T W E E N :

**DUNRAINE MINES LIMITED**, a company incorporated under the laws of Canada, hereinafter called "Dunraine"

OF THE FIRST PART

— and —

**FALCONBRIDGE NICKEL MINES LIMITED**, a company incorporated under the laws of Ontario, hereinafter called "Falconbridge"

OF THE SECOND PART.

WHEREAS Dunraine represents and warrants to Falconbridge:

- (a) That it is a duly incorporated, valid and subsisting corporation;
- (b) That its authorized capital consists of 3,000,000 shares of no par value, of which 2,000,000 have been duly allotted and issued as fully paid and non-assessable;
- (c) That it is the holder of two mining concessions and 83 mining claims in the Townships of Bourlamaque and Louvicourt in the Province of Quebec, comprising some 3,650 acres, hereinafter called "the Dunraine Properties";
- (d) That it desires to arrange for an exploration program in search for minerals on the Dunraine Properties, in accordance with a program recommended to Dunraine directors;
- (e) That it has the right and power to enter into this agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT:

- 1. Dunraine agrees that it will make an offering of 200,000 shares pro rata to the registered holders of its shares at the close of business on a Record Date to be fixed by Dunraine in the month of June, 1966, by the issue of subscription rights entitling the shareholders or their assigns to purchase one additional share at 50¢ per share for each ten shares held on the Record Date, such offering to expire at a time on a date ("the Expiry Time") in July, 1966 to be fixed by Dunraine.
- 2. Falconbridge agrees that unless prior to the Expiry Time it notifies Dunraine that it wishes to avail itself of the rights set forth in clause 3 hereof, it will purchase at 50¢ per share, as an investment and not for purposes of resale, and on or before a date fifteen days after the Expiry Time all the 200,000 shares of Dunraine offered to shareholders pursuant to the aforesaid pro rata offering and not duly subscribed and paid for by others pursuant to the offering. Dunraine agrees that it will within seven days from the Expiry Time notify Falconbridge of the number of such shares not so purchased pursuant to the offering, and that it will upon receipt of subscription and payment by Falconbridge allot and issue such shares to Falconbridge.
- 3. (a) If Falconbridge notifies Dunraine before the Expiry Time that it wishes to avail itself of the rights contained in this clause 3 to agree to undertake to incur expenses in searching for minerals on the Dunraine Properties in consideration for shares of the capital stock of Dunraine, then the provisions of clause 2 above shall no longer have any force or effect and the rights and liabilities of Falconbridge shall be determined by the following provisions of this clause 3. Unless Falconbridge shall so elect, the provisions of this clause 3 shall have no force or effect.



- (b) Falconbridge agrees that it will incur expenses in an aggregate amount hereinafter stipulated in carrying out a program of prospecting, exploration and development in search for minerals on the Dunraine Properties, (called "the Program") in consideration of shares of the capital stock of Dunraine to be issued to Falconbridge as fully paid and non-assessable, at the rate of one share for each fifty-five (55¢) cents expended by Falconbridge in carrying out the said Program. Dunraine agrees from time to time to cause shares to be allotted and issued to Falconbridge and certificates delivered therefor, as required. The certificate of the Secretary or Treasurer of Falconbridge for the time being as to the amounts expended by Falconbridge in the said Program shall be prima facie evidence thereof.
- (c) For all purposes of this agreement, amounts expended on the Program on the Dunraine Properties shall, without limitation, include amounts expended in doing geophysical, geochemical and geological surveys and mapping; in searching for, digging, trucking, sampling, working, mining and procuring ores and minerals, or doing diamond drilling; in paying wages and salaries of or transporting, supplying food, lodging and other reasonable needs for men engaged in the Program; in paying assessments and premiums for workmen's compensation, insurance and other charges; in purchasing, transporting, installing or removing mining or other plant, buildings, machinery, tools, appliances, equipment or supplies; in the management and supervision in respect of work done upon the Dunraine Properties or studies and reports related thereto; in doing all other work and things reasonably related thereto; for engineering and office expense, but not including any head office overhead of Falconbridge, or any amounts expended which cannot reasonably be attributed to work done on the Dunraine Properties. Falconbridge will report to Dunraine periodically as to expenses incurred by it under this agreement.
- (d) If Falconbridge notifies Dunraine that it wishes to avail itself of the rights contained in this clause 3, then Falconbridge may notify Dunraine of its said election to incur expenses up to but not exceeding an amount determined by multiplying the number of shares not duly purchased under Subscription Warrant pursuant to the offering described in clause 1 above by 55 cents. The said Program shall be carried out during the years 1966 and 1967; provided that should the said Program be delayed by strikes, fires, floods, government restrictions, Acts of God, the Queen's enemies, riots or matters of any nature whatsoever beyond the reasonable control of Falconbridge the time for completion of the Program shall be enlarged by the extent of such delay plus reasonable allowance for consequential delays resulting from seasonal conditions.
- (e) If Falconbridge notifies Dunraine that it wishes to avail itself of its rights contained in this clause 3, then it is agreed that Falconbridge shall have the right and license:
- (i) to enter upon and have quiet possession of the Dunraine Properties, with the right to remove reasonable quantities of ores, for assay and testing purposes only;
  - (ii) to prospect, explore and develop the Dunraine Properties;
  - (iii) to bring and erect thereon such plant, buildings, machinery and equipment as Falconbridge may think advisable and to remove the same;
- and in such case Falconbridge covenants and agrees with Dunraine
- (iv) that all work done by Falconbridge, its agents, servants, contractors, will be carried out in accordance with good mining practice and in compliance with the applicable laws and regulations;
  - (v) that it will pay all workmen and wage earners and keep the Dunraine Properties free from liens;
  - (vi) that it will keep proper records and will furnish periodic reports to Dunraine on all work done and results thereof and will allow representatives of Dunraine to inspect the Dunraine Properties and all workings thereon; and
  - (vii) that it will indemnify and save harmless Dunraine from all loss, costs, charges and expenses which Dunraine may sustain or incur by reason of acts or omissions in respect of work under this agreement and not attributable to the negligence or acts of Dunraine.

(f) It is expressly understood as between Dunraine and Falconbridge, that Falconbridge is to be entitled to claim deductions for taxation purposes with respect to its expenditures in prospecting, exploring and developing the Dunraine Properties, pursuant to this agreement.

4. This agreement is subject to and conditional upon:

- (a) Confirmation by shareholders of Dunraine at a Special General Meeting to be called for the purpose of considering the same and held during June, 1966; and
- (b) The availability of exemptions from registration under the provisions of clause 1 of sub-section 19(2) of the Securities Act, Ontario, and otherwise, to the satisfaction of Falconbridge.

Unless such conditions are satisfied during June, 1966 either party may by notice in writing to the other declare the agreement to be null and void.

5. Time shall be of the essence of this agreement.

IN WITNESS WHEREOF the parties hereto have executed these presents.

DUNRAINE MINES LIMITED

J. P. MILLENBACH

*President*

C.S.

A. C. CALLOW

*Secretary*

FALCONBRIDGE NICKEL MINES LIMITED

G. T. N. WOODROOFFE

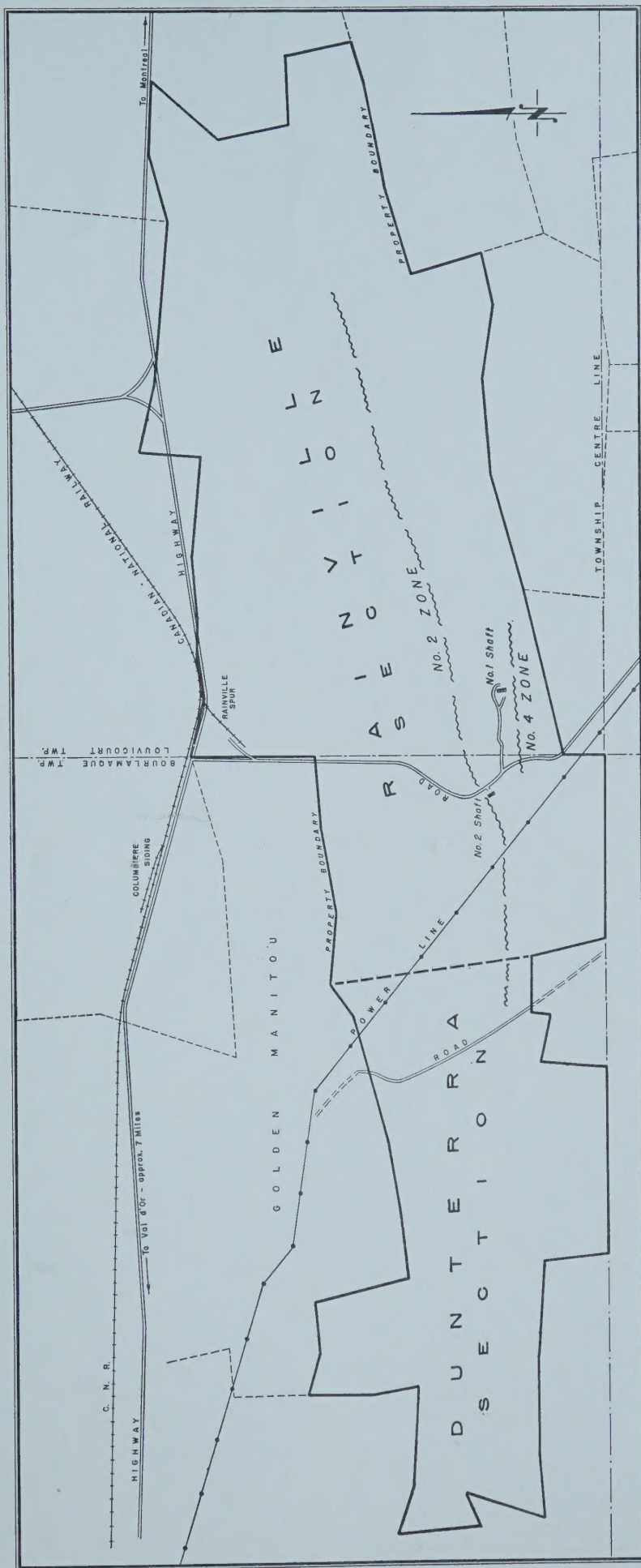
*Vice-President*

C.S.

J. L. MATTHEWS

*Assistant Secretary*





DUNRAINE MINES LIMITED  
 PROPERTY PLAN SHOWING ORE ZONES & SHAFT LOCATIONS

